

IN THE MATTER OF THE ROYAL
COMMISSION ON ATLANTIC ACCEPTANCE
CORPORATION LIMITED

C. P. Morgan

EVIDENCE GATHERED FOR THE
REPORT
of
THE ROYAL COMMISSION
APPOINTED TO INQUIRE INTO
THE FAILURE
of
ATLANTIC ACCEPTANCE CORPORATION
LIMITED

EXAMINATION FOR DISCOVERY OF MILDRED LUCINDA MORGAN

Date of interview: September 6, 1967

Exhibit Number: 4912

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ROYAL COMMISSION
ATLANTIC ACCEPTANCE CORPORATION LIMITED
EXHIBIT No. 4912
PER *Mc* 6 Sept 2022
REGISTERED DATE

IN THE MATTER OF THE ROYAL
COMMISSION ON ATLANTIC ACCEPTANCE
CORPORATION LIMITED

C. P. Morgan

I, MILDRED LUCINDA MORGAN, of the City
of Toronto, Widow, MAKE OATH AND SAY as follows,-

I. To the best of my knowledge and belief
the attached schedule sets forth a true and correct
inventory of my personal assets and liabilities on or about
the 18th day of June, 1965. The funds for the acquisition
of these assets were accumulated by me over a period of 38
years from my personal earnings before my marriage, gifts
made to me by relatives, buying and selling real estate,
dealing in securities and receipts from race track betting.
Although no records have been kept of the numerous trans-
actions in which I was involved over this period, the
following is an outline prepared from memory, of the major
transactions in the sequence of events which enabled me to
acquire the assets enumerated on the schedule. Other trans-
actions, of which no record has been kept and which I do not
now recall, also assisted me in acquiring such assets.

2. I was married to my late husband on
March 14th, 1936. Before my marriage, I worked as a steno-
grapher and secretary for about 8 years, the last five of
which was with the Corporations Tax Branch of the Ontario
Government. During this time I saved most of my earnings
as I was living at home and didn't pay any board.

3. In or about the year 1940, at a time
when my husband and I were living in rented premises, my
father, Mr. F. A. Wilcox, gave me a house known as 147
Castlefield Avenue, Toronto, as a home for myself and my
husband.

ROYAL COMMISSION
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DATE

In late 1942 or early 1943 my aunt, Lucy Clarke, whose husband had died, who had always been my favourite aunt came to live with my husband and myself. As 147 Castlefield Avenue was too small, she gave me the money to purchase 53 Duncannon Drive, Toronto. I then sold 147 Castlefield Avenue and used the proceeds to improve and renovate 53 Duncannon Drive where we lived for about three years.

5. During the time my aunt, Lucy A. Clarke, lived with me at 53 Duncannon Drive, she paid rent and board and also from time to time made gifts to me and to my children. In or about the year 1945, I sold 53 Duncannon Drive and my husband and I moved into rented premises in Toronto. My aunt at that time moved elsewhere and lived separately from us. I invested the proceeds of this sale of 53 Duncannon Drive as well as monies saved from the monies paid to me by my aunt in securities. From time to time I traded these securities and re-invested the proceeds in other securities. Much of my trading in securities at this time was done by my husband on my behalf and I have now no records of the individual transactions.

6. Some time after the sale of 53 Duncannon Drive, my aunt married George A. Way, a man of considerable wealth, and thereafter she continued to make gifts of money to me from time to time until the time of her death in June, 1961.

7. In 1947 my husband went to work in Hamilton and shortly thereafter I purchased a house in Aldershot, Ontario, and I provided the down payment on this house with the exception of about \$1,000 which was provided by my husband.

About the year 1954 I sold the Aldershot house at a very advantageous price, the purchaser being very anxious to obtain the house. At the same time, he purchased all my household furniture along with the house. As we had before this time moved to Niagara Falls, Ontario, and were living in a furnished apartment, I then purchased 1138 Valleyway, Niagara Falls, Ontario, using the proceeds of the sale of the Aldershot property for this purpose. The title to this house was taken in the joint names of my husband and myself. Having sold my furniture with the Aldershot property, it was necessary for me to purchase all new furniture for the new house and the proceeds of the sale of the furniture with the Aldershot house substantially covered the cost of purchasing the new furniture.

9. In 1958 my husband and I moved to Toronto but I kept the Niagara Falls house and rented it until April, 1960, when I sold it for a price of \$31,500 taking back a mortgage for \$20,000 as part of the purchase price. This mortgage was taken in my own name as my husband recognized that I was entitled to the proceeds of the sale.

10. At about the time I sold the Niagara Falls house, I purchased 11 St. Ives Crescent, Toronto, using the cash proceeds from the sale of the Niagara Falls property, the sum of \$4,000 contributed by my husband, a portion of the monies saved and accumulated from the income and capital gains from my investments, gifts made to me by my aunt and monies received from racetrack betting.

11. Although I have kept no record of the gifts from time to time made to me by my aunt during the period from 1942 until her death in 1961, the aggregate amount of such gifts is probably in excess of \$25,000.

From time to time during the period between 1945 and 1959 I received gifts of securities from my husband usually as birthday or Christmas gifts, but in no year did these exceed the sum of \$4,000. In 1960, as indicated above, my husband also contributed \$4,000 towards the purchase of 11 St. Ives Crescent, Toronto.

13. After moving to Toronto, I continued to deal in securities and my husband, for the most part, managed these securities for me. In January 1965, I owned 15,000 shares of Commodore Business Machines (Canada) Limited and my husband sold these on my behalf at an average price of \$6.00 a share. With the proceeds of this sale, he purchased on my account, \$60,000 of General Lawn Spray debentures. When he advised me that he had done this, I refused to accept these debentures as I had no confidence in General Lawn Spray Limited and I asked him to dispose of them for me. Instead of doing this, he agreed to take these debentures himself and provide me with other securities of an equivalent amount. In April 1965, pursuant to this agreement my husband turned over to me 55,000 shares of Tamarind Developments Limited which he had previously purchased for his own account. The value of these shares at the time was approximately \$41,500. This left a balance of \$48,500 owing to me.

14. In July, 1965, my husband transferred to me the sum of approximately \$32,359.45 (U.S. funds) standing to his credit in the E. D. Sassoon Banking Company Limited, Nassau, Bahamas. This amount included some or all of the cash payment he had received from the Montreal Trust Company in connection with the acquisition of certain shares of Lucayan Beach Hotel Company Limited but I have no knowledge of how much he received for such shares nor any other particulars of the transaction. The money was transferred to me in order to reimburse me for some expenditures which I had made on behalf of my husband and at his request in settlement of some of his

personal obligations, and also to permit me to make further payments on his behalf during the time his income was reduced. Any money remaining was to be applied on account of the \$48,500 owing to me as set forth in the preceding paragraph. As my husband had no income of any kind since September, 1965, almost all the money transferred to me was expended in payment of household living expenses and in payment of indebtedness owing by my husband which I paid at his request and on his behalf. This included payments on account of his indebtedness to the Toronto Dominion Bank, the Canadian Imperial Bank of Commerce and the Royal Bank amounting to \$5,975.00, legal fees of \$4,896.35, insurance premiums of \$3,637.71, medical and funeral expenses of \$2,298.35 and a large number of other items which I paid for him between that time and the date of his death.

15. Except as mentioned in this affidavit, the late Campbell Powell Morgan did not make any gifts to any of his next-of-kin during the period from 1958 to December 31st, 1965, other than the usual gifts exchanged between relatives.

16. The liabilities of the estate of the late Campbell Powell Morgan exceed the assets of the estate by an amount which, as far as I have been able to ascertain, exceeds \$400,000 and because of this, his estate is insolvent.

17. There are not now and never have been any assets of either the late Campbell Powell Morgan nor myself existing or in existence outside of Canada, and in particular in the United States of America or Switzerland, other than the following,-

- (a) An account in the name of the late C. P. Morgan in the Freeport Branch of the Royal Bank of Canada, Freeport, Bahamas;
- (b) The account in the E. D. Sassoon Banking Company Limited, Nassau, Bahamas mentioned in paragraph 14 of this affidavit;

- (c) An account opened in 1952 in the name of the late Campbell Powell Morgan in Hollywood, Florida, which he maintained for vacation expenses, which account was closed during his last illness and the balance of about \$40 withdrawn;
- (d) An account in my own name in Miami, Florida, which was opened by me in November, 1965, with a deposit of a portion of the proceeds of the sale of shares of Tamarind Developments Limited owned by me;
- (e) An account opened by me in Niagara Falls, New York, in the joint names of myself and my late husband in 1954 when we were residing in Niagara Falls, Ontario, which account was used by us for the payment of bills owing in the United States; the balance of this account, which was less than \$50 was withdrawn and transferred to a new account in my name during my husband's last illness; and
- (f) An account in Honolulu, Hawaii, opened by me in 1966, when I was about to make a trip to Hawaii, the balance of which account is about \$229.

SWORN BEFORE ME at the
City of Toronto, in the
County of York, this 30th
day of June, 1967.

Mildred Lucinda Morgan

[Signature]

A Commissioner, etc.

ESTIMATED NET WORTH *

VALUED AT JUNE 11, 1965

Assets

| | | |
|---|------------------|--------------------|
| Cash at banks | | \$ 72,901 |
| Securities lodged as collateral: (at market value) | | |
| At banks | | |
| At British Mortgage & Trust Co. | \$ 663,491 | |
| At Angusdale Limited | 971,163 | |
| | <u>190,000</u> | |
| On margin accounts at Brokers | 1,824,654 | |
| | <u>1,054,059</u> | |
| | | 2,878,713 |
| Privately held securities: | | |
| Unlisted securities - at book value | | 303,974 |
| Shares of Analogue Controls Inc. - de-listed (22,700 shares) | | - |
| Advances to Associated Companies | | 364,149 |
| Other assets - per statement of assets submitted to The Toronto-Dominion Bank (including house, cars and interest in Mortgage at approximate values) | | <u>115,000</u> |
| Total assets | | 3,734,737 |
| Less: Liabilities | | |
| Bank Loans Payable | 447,500 | |
| Loan of British Mortgage & Trust Co. | 650,000 | |
| Loan of Angusdale Ltd. | 117,000 | |
| Due to Brokers | 495,705 | |
| Advances from Private Companies | <u>44,678</u> | |
| | | <u>1,754,883</u> |
| Estimated net worth at June 11, 1965 | | <u>\$1,979,854</u> |

ESTIMATED NET WORTH AT JULY 2, 1965

| | | |
|--|----------------|------------------|
| Net worth at June 11, 1965 | | \$1,979,854 |
| Less: Decline in market value of listed securities | \$1,636,137 | |
| Decline in value of securities of private companies due to insolvency | <u>463,098</u> | |
| | | <u>2,099,235</u> |
| Estimated net worth at July 2, 1965 (Deficiency) | | (\$ 119,381) |

* This schedule does not include C. P. Morgan's repayments on the E. D. Sassoon bank loan which may total \$175,000 and which were recovered by C. P. Morgan when the collateral (1,250,000 shares of The Lucayan Beach Hotel Company Limited) was sold to the Receiver following June 17, 1965.

Memorandum
Mr. Justice Samuel Hughes,
Osgoode Hall,
Toronto, Ontario

Dear sir:

Upon investigation you would find that Mrs. Mildred Lucinda Morgan did not buy and sell homes in which the Morgans lived. That she did not buy the home on St. Ives Crescent, but rather it was bought by C. Powell Morgan, and in fact was in his name until a year before his death.

The gifts received from her aunt would not amount to one hundred dollars.

To say that Mrs. Morgan carried out her own financial transactions is indeed a myth.

In the interest of what is right

enclosed copies of examination
I will return the transcripts
Yours very truly
Yours very truly